

10 MAR 1977

MEMORANDUM FOR THE RECORD

SUBJECT: Conversation with [redacted]  
15 February 1977

STAT

1. In the 1950's the CIA was eager and outlooking - since then it has closed in on itself.
2. Intelligence is essential:
  - a. But we must tap every source including more contacting.
  - b. We must do better R&D on analytic methods including tapping industry.
3. Must relook at the personnel system.
  - a. CIA has a family institution approach similar to the military. This leads to a conservative sense. This leads to the Peter Principle - too many people are held on, too many retirees.
4. Have to hire a business school to look at the organization?
  - a. Reassess the strategy for doing business - there is a lack of innovation, lack of good men.
5. Greater contracting, particularly competitive analysis to uncover the uncertainties to prevent the NIE from being the lowest common denominator. Establish betting odds between alternatives.